

Racial Wealth Gap

The Racial Wealth Gap



Many families in Illinois strive to create a brighter future for themselves and their children. But for many families of color this dream is out of reach. They face unfair barriers to many of the financial assets we all need to get ahead. The result is less asset ownership among people of color – a racial wealth gap.



What is a Financial Asset?



- ★ Savings Account
- ★ Education
- ★ Retirement Fund
- ★ Strong Credit Score
- ★ Home Ownership

What is Asset Poverty?



You are considered asset poor if you do not have enough financial assets to meet your expenses for at least 3 months after your income disappears.

Growing Inequality

- ❖ The median wealth of white households is 20 times that of black households and 18 times that of Hispanic households.
- ❖ For every \$1.00 of wealth in white communities there is only \$0.06 in communities of color.
- ❖ In Illinois, half of all African Americans & Latinos are considered asset poor.
- ❖ 45% of African American children whose parents are considered middle-income fall into poverty as adults compared to only 16% of white children.



Heartland Human Care Services, Inc.®



Heartland Alliance is a leader in the asset building field with their development of the Wealth & Wellness Curriculum. The curriculum is utilized in their four asset building programs across the city of Chicago. For more information, visit: www.heartlandalliance.org/assetbuilding

The Illinois Asset Building Group (IABG), a project of Heartland Alliance, is a diverse statewide coalition invested in building the stability and strength of Illinois communities through increased asset ownership and asset protection. More Information: www.illinoisassetbuilding.org



Accessing Safe Financial Services

Why are relationships with financial institutions important?

Banks and credit unions can help families build credit and save for the future. However, limited access to these safe financial products and services prevent many families of color from saving in Illinois:

- **53% of African American households & 27% of Latino households are without a bank account** compared to 15% of whites.
- **Workers in Illinois without a bank account will spend \$574 a year to cash their payroll check** and many will obtain a payday loan causing them to enter into a cycle of high cost debt.

How can college help build my assets?

People with a college degree earn **\$29,000 more per year** than people with a high school diploma. However, **fewer than 30% of African Americans & Hispanics 18-24 years old are enrolled in college.**

How can I start building my assets?

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System Barriers to Savings

Asset Limits

- Asset limits on public benefits disincentivize savings and make it more difficult for people to reach financial stability.

Lack of Access to Mainstream Financial Institutions

- Many community members lack access to mainstream bank products. This leads to overreliance on high-cost, high-risk financial products that provide no opportunity to save.

Unfair Tax Code

- There are few tax incentives to save for low-income workers, while wealthy Americans are rewarded for savings.

Lack of Retirement Savings

- Low-income workers are less likely to have access to employer based savings opportunities such as a 401k.

Rising Cost of College

- Increasing cost of post-secondary education makes it difficult for people to advance in the workforce.

Take Action

- ✓ Share Your Story of the Racial Wealth Gap
- ✓ Advocate for Comprehensive Policy Solutions
- ✓ Support Safe Financial Products

More Information: www.illinoisassetbuilding.org

